

Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 ARA-06 EA-07 NEA-10 IO-13 ISO-00
OIC-02 USIE-00 AID-05 CEA-01 CIAE-00 COME-00
EB-07 FRB-03 INR-07 NSAE-00 OPIC-03 SP-02 TRSE-00
LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01 ERDA-05
DODE-00 FPC-01 H-01 INT-05 L-03 NSC-05 PM-04
OES-07 SS-15 STR-04 ACDA-07 SSO-00 INRE-00 NSCE-00
FEA-01 /155 W

-----291552Z 125199 /40

O R 291529Z MAY 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 3322

INFO ALL OECD CAPITALS

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY BELGRADE

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CARACAS

USMISSION GENEVA

AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LUSAKA

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

USMISSION USUN

AMEMBASSY YAOUNDE

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USOECD

USMTN ALSO FOR USMISSION

E.O. 11652: GDS

TAGS: OECD, CIEC, EGEN, ETRD, EFIN, EAID, ENRG

SUBJECT: CIEC SENIOR OFFICIALS MEETING: MAY 26-28

1. SUMMARY: AT THEIR MAY 26-28 MEETING THE CIEC SENIOR OFFICIALS PROCEEDED ON TWO LEVELS. FIRST, THEY DISCUSSED ARRANGEMENTS FOR THE MAY 30 - JUNE 1 MINISTERIAL. SECOND, THEY OVERSAW THE EFFORT TO FIND AGREEMENT ON TEXTS WHICH HAD EARLIER PROCEEDED IN COMMISSIONS AND CONTACT GROUPS. THIS WORK WAS RESUMED IN NEWLY CONSTITUTED WORKING GROUPS. SOME PROGRESS WAS MADE IN ENERGY, DEVELOPMENT AND FINANCE TEXTS -- ALTHOUGH MANY FUNDAMENTAL ISSUES REMAIN UNRESOLVED. LITTLE ADDITIONAL AGREEMENT WAS REACHED IN THE RAW MATERIALS AREA, WHERE THE ATMOSPHERE WAS RENDERED ESPECIALLY DIFFICULT BY THE G-19 CO-CHAIRMAN. AT A SENIOR OFFICIALS PLENARY LATE ON MAY 27, THE G-8 CIRCULATED A COMMON FUND PARAGRAPH. AT THE SAME PLENARY, THE G-8 INDICATED THAT A PROPOSAL FOR AN ONGOING ENERGY DIALOGUE WOULD BE CIRCULATED THE FOLLOWING DAY. END

SUMMARY.

2. THE ESSENTIAL SUBSTANTIVE PREPARATION FOR THE CIEC MINISTERIAL WORK ON A FINAL DECLARATION IS BEING INITIALLY HANDLED BY THE CANADIAN AND VENEZUELAN CO-CHAIRMEN, KEEPING IN CLOSE TOUCH WITH THEIR RESPECTIVE GROUPS. FOR EXAMPLE, THE CO-CHAIRMEN CAN BE TOLD THOSE SUBSTANTIVE TOPICS THAT PARTICIPANTS BELIEVE THE DECLARATION SHOULD SPECIFICALLY ADDRESS. G-8 SENIOR OFFICIALS HAVE, IN THE LAST FEW DAYS, EXCHANGED SOME CONFIDENTIAL

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PRELIMINARY THOUGHTS ON THE PROCESS OF PREPARING THE FINAL DECLARATION. IN PLENARY, THE SENIOR OFFICIALS AGREED THAT THE MINISTERIAL MEETING SHOULD HAVE THE FOLLOWING FORMAT: WELCOMING REMARKS BY HOST GOVERNMENT (FOREIGN MINISTER DE GUIRINGAUD); OPENING STATEMENTS BY CONFERENCE CO-CHAIRMEN; STATEMENT BY UN SECGEN; OTHER STATEMENTS; CONSIDERATION OF THE FINAL CONCLUSIONS OF THE CONFERENCE; AND OTHER BUSINESS.

3. RESULTS OF THE SENIOR OFFICIALS' WORKING GROUPS WERE AS FOLLOWS.

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FEA-01 /155 W

-----291553Z 125217 /40

O R 291529Z MAY 77
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AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY BELGRADE
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ENERGY

4. IN MEETINGS MAY 26 AND 27, ENERGY WORKING GROUP MADE SOME PROGRESS IN CLEANING UP BRACKETED TEXTS BUT SPECIFIC AREAS OF DIFFERENCES LEFT BY LAST SESSION OF CONTACT GROUPS REMAIN UNRESOLVED. OVERHANGING MAJOR ISSUES OF PRESERVATION OF PURCHASING POWER AND ON-GOING ENERGY DIALOGUE WERE NOT TAKEN UP BY WORKING GROUP. ON LATTER ISSUE, G-8 REACHED AGREEMENT ON A TEXT CALLING ON CIEC TO ESTABLISH A FREE-STANDING CONSULTATIVE GROUP ON ENERGY. MANNER IN WHICH THIS PARAGRAPH WILL BE PUT FORMALLY BEFORE CONFERENCE REMAINS UNDECIDED ALTHOUGH WE HAVE BEGUN INFORMALLY DISTRIBUTING G-8 TEXT TO G-19.

RAW MATERIALS

5. RAW MATERIALS WORKING GROUP WOUND UP ITS WORK IN A DETERIORATING ATMOSPHERE AS A RESULT OF SYSTEMATIC AND STRIDENT EFFORTS OF PERUVIAN CO-CHAIRMAN (ARIAS-SCHREIBER) TO DOWNPLAY SUCH PROGRESS AS WAS ACHIEVED IN INFORMAL DRAFTING GROUPS, PARTICULARLY ON COMPENSATORY FINANCING. THESE TACTICS CAUSED CONSIDERABLE STRAIN WITHIN G-19, SOME OF WHOSE MEMBERS (E.G. VENEZUELA, MEXICO, PAKISTAN) WERE TRYING TO BE CONCILIATORY. AT THE END G-8 DECIDED AGAINST FORMALLY TABLING ITS TWO LATEST TEXTS RELATING TO COMPENSATORY FINANCING AND PURCHASING POWER WHEN SOME G-19 MEMBERS PREVENTED COLLEAGUES FROM TABLING THEIR LATEST OFFER ON COMPENSATORY FINANCING.

6. OTHER THAN ELIMINATION OF A COUPLE OF BRACKETS ON MINOR ISSUES IN THE PAPERS ON TRANSPORT/ MARKETING/DISTRIBUTION AND NATURAL PRODUCTS/SYNTHETICS, CONFIDENTIAL

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NO PROGRESS WAS MADE ON HOST OF MINOR ISSUES IN RAW MATERIALS COMMISSION. FAILURE OF EC AND CANADA TO AGREE ON SUPPLY QUESTION RESULTED IN NO COMMON G-8 PROPOSAL BEING TABLED ON THIS QUESTION AND NO DISCUSSION OF THIS SUBJECT TOOK PLACE BETWEEN G-8 AND G-19. EARLIER PROPOSALS BY VARIOUS G-8 MEMBERS REMAIN IN TRADE PAPER.

7. ON COMMON FUND, NEGOTIATIONS AMONG HEADS OF G-8 DELEGATIONS RESULTED IN G-8 TEXT BEING PUT FORWARD AT SENIOR OFFICIALS MEETING LATE MAY 27. TEXT STATES THAT CIEC PARTICIPANTS AGREE THERE SHOULD BE A COMMON FUND, AND THAT IT SHOULD OPERATE IN CONJUNCTION WITH INDIVIDUAL COMMODITY AGREEMENTS AND BE NEGOTIATED BY AND ACCEPTABLE TO A WIDE AND REPRESENTATIVE RANGE OF DEVELOPED AND DEVELOPING COUNTRIES. G-19 HAS NOT REACTED SO FAR.

8. G-8 ALSO TABLED NEW PROPOSAL ON KEY PARAGRAPH (RELATING TO REVIEW OF PRICE PROVISIONS IN COMMODITY AGREEMENTS) IN PURCHASING POWER PAPER EARLY MAY 27, BUT ASIDE FROM INDIVIDUAL NEGATIVE REACTIONS, G-19 HAS NOT REACTED AS A GROUP.

9. ON COMPENSATORY FINANCING, INTENSIVE NEGOTIATIONS WITHIN G-8 (WHERE SWEDES FREQUENTLY POSED OBSTACLE TO AGREEMENT) AND BETWEEN G-8 AND G-19 FAILED TO DEVELOP A COMMON TEXT, THOUGH INFORMAL CONTACTS BETWEEN THE TWO GROUPS CONTINUED ON SATURDAY. MAIN ISSUES ARE RELATIONSHIP OF PROPOSED INTERNATIONAL STUDY TO INTEGRATED PROGRAM AND ROLE OF UNCTAD IN CARRYING OUT OF DEVELOPMENT COMMITTEE STUDY.

BTVELOPMENT

10. WORKING GROUP III (DEVELOPMENT) RECONSTITUTED INFORMAL CONTACT GROUPS AT SUGGESTION OF CO-CHAIRMEN. CONFIDENTIAL

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THERE WAS NO FURTHER ADVANCE ON ODA WHERE ISSUES OF VOLUME AND REFERENCES TO OPEC DONORS REMAIN TO BE SETTLED. DEADLOCK ON DEBT CONTINUED. THESE ISSUES WILL GO TO MINISTERS. G-8 IS CONTINUING ITS DELIBERATIONS ON SPECIAL ACTION. SIGNIFICANT PROGRESS

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WAS MADE IN CLEANING UP TEXTS ON FOOD AND AGRICULTURE
AND INDUSTRIALIZATION. IT APPEARS THAT ONLY ONE ISSUE
WILL REMAIN IN FOOD AND AGRICULTURE: G-19 DEMAND FOR
QUANTIFIED TARGET FOR FUTURE VOLUME OF ODA TO
LDC AGRICULTURE. CHANCES ARE ALSO GOOD THAT FULL AGREE-
MENT WILL BE REACHED ON INDUSTRIALIZATION TEXT. SINCE
TRANSFER OF TECHNOLOGY ISSUES WERE NOT EXAMINED IN
DEPTH IN PREVIOUS CONTACT GROUP, IT WAS DECIDED TO DROP
EXISTING BRACKETED LANGUAGE IN FAVOR OF MUCH SHORTER
AND MORE GENERAL TEXT. AGREEMENT WAS REACHED ON
INFRASTRUCTURE TEXT WHICH CALLS FOR ECA-SPONSORED
CONFERENCE TO CONSIDER AFRICAN INFRASTRUCTURE DEVELOP-
MENT OVER NEXT DECADE.

FINANCE

11. THE WORKING GROUP DELEGATED TO TAKING UP OUT-
STANDING FINANCIAL ISSUES MET INTENSIVELY ON MAY 26 AND
27. DURING THIS TIME, AN AGREED TEXT ON LDC ACCESS TO

CAPITAL MARKETS WAS FORMULATED, ELIMINATING ALL REMAINING BRACKETS. WITH RESPECT TO OPEC ASSETS, AND OTHER FINANCIAL FLOWS, NO FURTHER AGREEMENT WAS POSSIBLE, AND BOTH G-8 AND G-19 DECIDED TO SEND FORWARD TO MINISTERS PARALLEL TEXTS. WITH THE EXCEPTION OF A FEW, BUT IMPORTANT, BRACKETED PORTIONS LIMITING FINANCIAL AND OTHER SUPPORT TO LDC COOPERATIVE EFFORTS, THE TEXT ON COOPERATION AMONG LDC'S IS AGREED. ON MEASURES AGAINST INFLATION NO AGREEMENT COULD BE REACHED AND A PARTIALLY AGREED TEXT, INCLUDING LARGE PARALLEL PORTIONS, WAS PUT FORWARD.

12. WITH RESPECT TO A MAJOR PORTION OF THE FOREIGN DIRECT INVESTMENT TEXT, GOOD DEAL OF PROGRESS WAS MADE ON MAY 26 AND 27, ALTHOUGH HARD-CORE ISSUES (I.E. CONFIDENTIAL

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ELEMENTS OF A SOUND INVESTMENT CLIMATE) REMAIN DISAGREED, AND ARE BRACKETED OR IN PARALLEL TEXTS. IN PARAGRAPH ON COOPERATION WITH TNC COMMISSION AND ECOSOC EFFORTS FOR CODE OF CONDUCT FOR TNC'S AND AN AGREEMENT TO COMBAT ILLICIT PAYMENTS, G-19, (LARGELY BRAZIL) REFUSED TO ACCEPT EXPLICIT REFERENCE TO ILLICIT PAYMENTS AGREEMENT. U.S., IN TURN, BRACKETED REFERENCE TO CODE OF CONDUCT IN ORDER TO KEEP PARALLEL REFERENCES TO THESE EXERCISES.
KATZ

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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TAGS: ENRG, EGEN, ETRD, EFIN, EAID, OECD, CIEC
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